



May 17, 2004

Mr. Gene M. Johnson
Director, Virginia Department of Corrections
6900 Atmore Drive
Richmond, Virginia 23225

The GEO Group, Inc.
One Park Place, Suite 700
621 Northwest 53rd Street
Boca Raton, Florida 33487

TEL 561-893-0101
866-301-4436
FAX 561-999-7635
wcalabrese@thegeogroupinc.com
www.thegeogroupinc.com

***Re: Part 1, Conceptual Phase Submission
Public-Private Education Facilities and Infrastructure Act of 2002 ("PPEA")***

Dear Director Johnson:

The GEO Group, Inc. is pleased to submit Part 1, Conceptual Phase Submission, in accordance with the Public-Private Education Facilities and Infrastructure Act of 2002 (PPEA), for the **design, finance, construction, and operation** of one or two 1,500 bed medium security correctional center(s) to be located in the Mount Rogers Planning District and/or Drakes Branch, Virginia.

GEO is familiar with the Virginia Department of Corrections 2002 six-year, \$334 million capital improvements program to meet increased capacity requirements and renovate existing facilities to improve operational efficiencies. We have also reviewed the Department of Corrections Master Plan as presented to the Senate Finance Public Safety Sub-Committee on Friday, January 23, 2004 and the recently passed Budget language regarding prison construction.

We are confident that we can deliver one or more 1,500 bed projects at significantly less than the per bed project development cost noted in the DOC's Master Plan for two 1,024 bed facilities (Total Construction Costs of \$68.7 million and \$73.5 million, respectively, or \$67,090 and \$71,777 per bed, respectively). Our construction cost estimate is based on current market conditions and offers the DOC a "best value" solution to its increasing prison bed needs. Further, we can deliver either or both new 1,500-bed prisons in less than the 20 months required for the construction of the two noted 1,024-bed projects. In **Section 3 – Project Financing** of our proposal, GEO proposes to provide the DOC with one or two 1,500 bed correctional centers within a 15 to 18 month construction period, at a firm, fixed price well below the Department's projected per bed costs for two 1,024-bed facilities.

GEO believes our proposal is unique in that, in addition to the design, financing and construction of the project(s), we are including the **operation** of the proposed correctional center(s). Again, we would ask you to refer to **Section 3 – Project Financing** for a brief discussion and review of our estimated per diem for the operation of the facility, based on an assumed occupancy date in the First Quarter of 2006.

Please note that the operations per diem does not include debt service on the project financing. The estimated annual cost of the debt service, together with all assumed financing terms, is also set forth in **Section 3 – Project Financing**.

Further, based on the Projected Bed Shortages noted in the DOC's Master Plan, two 1,500 bed correctional centers would assist in the reduction of bed shortage projections from 3,600 to 600 as of June 30, 2006.

We are familiar with the Commonwealth's current budget challenges and understand that Virginia's inmate population grows daily, straining the resources of the Commonwealth and also the local communities that house overflow inmates in their facilities.

Charlotte County, and in particular Drakes Branch, have waited patiently since July 1995, when The GEO Group, in partnership with the the local community, was awarded a contract for the design, construction and operation of a 1,000 bed medium security facility by the Virginia DOC. We believe that the competitive value of our proposal, together with the yet unfulfilled earlier promise of the Commonwealth to Drakes Branch and Charlotte County, represents a compelling case for the establishment of our proposed public-private partnership.

Building on GEO's successful relationship with the Virginia Department of Corrections developed through our operation of the Lawrenceville Correctional Center, we are eager to expand and strengthen our public-private partnership with the DOC and the Commonwealth.

As required under PPEA, we are enclosing a certified check for \$5,000 for the minimum proposal review fee. We also understand that additional funds may be required if our Part 1 submission is accepted and we move to the Part 2 submission under PPEA.

Under separate cover is one copy of **Section 3 – Project Financing**, which is deemed to be confidential, and hence not subject to the Virginia Freedom of Information Act.

We look forward to talking with you and members of the Department of Corrections regarding our proposal.

Please feel free to contact me, or Clويد Shuler, Vice President – Business Development with any questions you may have. We can be reached at our toll-free number: 866-301-4436.

Sincerely,
The GEO Group, Inc.

Wayne H. Calabrese
Vice Chairman & President